



August 19, 2010  
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Arnold Schwarzenegger  
Governor

Mr. Sal Vaca, Director  
City of Richmond Employment and Training Program  
330 25<sup>th</sup> Street  
Richmond, CA 94804

Dear Mr. Vaca:

AMERICAN RECOVERY AND REINVESTMENT ACT  
FISCAL AND PROCUREMENT REVIEW  
FINAL MONITORING REPORT  
PROGRAM YEAR 2009-10

This is to inform you of the results of our review for Program Year (PY) 2009-10 of the City of Richmond Employment and Training Program's (CRET) financial management and procurement systems for activities funded by the American Recovery and Reinvestment Act of 2009 (ARRA) and Workforce Investment Act (WIA). This review was conducted by Mr. Dave Ajirogi from May 3, 2010 through May 6, 2010. For the fiscal portion of the review, we focused on the following areas: fiscal policies and procedures, accounting system, reporting, program income, expenditures, internal control, allowable costs, cash management, cost allocation, indirect costs, cost/resource sharing, single audit and audit resolution policies and procedures for its subrecipients, and written internal management procedures. For the procurement portion of the review, we examined procurement policies and procedures, methods of procurement, procurement competition and selection of service providers, cost and price analyses, contract terms and agreements, and property management. In addition, we reviewed the membership of CRET's Local Workforce Investment Board and Youth Council.

Our review was conducted under the authority of Section 667.410(b)(1)(2) & (3) of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by CRET with applicable federal and state laws, regulations, policies, and directives related to the WIA and ARRA grants regarding financial management and procurement for PY 2009-10.

We collected the information for this report through interviews with representatives of CRET, a review of applicable policies and procedures, and a review of documentation retained by CRET for a sample of expenditures and procurements for PY 2009-10.

We received your response to our draft report on July 26, 2010, and reviewed your comments and documentation before finalizing this report. Because your response adequately addressed the findings cited in the draft report, no further action is required and we consider the issues resolved.

### **BACKGROUND**

For PY 2009-10, CRETP was allocated: \$331,289 to serve 165 adult participants; \$741,907 to serve 126 youth participants; and \$437,597 to serve 114 dislocated worker participants.

For the quarter ending March 31, 2010, CRETP reported the following expenditures and enrollments: \$176,387 to serve 51 adult participants; \$567,650 to serve 17 youth participants; and \$104,085 to serve 71 dislocated worker participants.

### **FISCAL REVIEW RESULTS**

We conclude that, overall, CRETP is meeting applicable WIA and ARRA requirements concerning financial management.

### **PROCUREMENT REVIEW RESULTS**

We concluded that, overall, CRETP is meeting applicable WIA and ARRA procurement requirements.

In addition to the above review results for CRETP's fiscal and procurement operations, we reviewed the membership of its Workforce Investment Board and Youth Council for compliance. The findings we identified in these areas, our recommendations, and CRETP's proposed resolution of the findings are specified below.

### **FINDING 1**

**Requirement:** WIA Section 117(b)(2)(A)(iii) states that the composition of the local Workforce Investment Board (WIB) shall include representatives of local labor organizations.

20 CFR 661.315(a) states that the local WIB must contain two or more members representing the categories described in WIA Section 117(b)(2)(A)(iii).

Workforce Investment Act Directive 06-21 states that at least 15 percent of local WIB members shall be representatives of labor organizations.

- Observation:** We found that the local WIB has a total of 32 members, but it has not appointed adequate labor representatives to ensure that labor union representation equals 15 percent of the WIB membership. Presently, the WIB has three labor representatives, and one more is needed to meet the 15 percent requirement. While CRETP provided documentation to demonstrate their efforts to appoint the required union representatives, the vacancy has existed since February 2, 2009.
- Recommendation:** We recommend that CRETP provide CRO with a CAP including a timeline, showing the steps it will take to fill the required labor vacancy. Once filled, we recommend that CRETP provide CRO with a copy of an updated WIB roster.
- CRETP Response:** As of May 2010, the final labor representative was added to the CRETP WIB. CRETP has made additional corrections to include two additional labor representatives in their WIB and have provided a copy of new WIB roster highlighting the new representatives.
- State Conclusion:** We consider this finding resolved.

## FINDING 2

- Requirement:** 20 CFR 661.335 (b)(4) states, in part, that the membership of each youth council must include members who represent parents of eligible youth seeking assistance under subtitle B of Title I of WIA.
- Observation:** We observed that CRETP's Youth Council does not have the above mentioned parent representative.
- Recommendation:** We recommend that CRETP provide the CRO with a CAP describing how it will address the vacancy in the Youth Council and provide an updated roster once the position is filled.
- CRETP Response:** The CRETP stated their Youth Council Executive Board has accepted and approved an application for an individual to act as the "Parent of the Program Participant." CREPT provided the approved application along with the updated Youth Council roster highlighting the new member.
- State Conclusion:** We consider this finding resolved.

Mr. Sal Vaca

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Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is CRETP's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain CRETP's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Jennifer Shane at (916) 654-1292.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jessie Mar".

JESSIE MAR, Chief  
Compliance Monitoring Section  
Compliance Review Office

cc: Terri Austin, MIC 50  
Jose Luis Marquez, MIC 50  
Dathan O. Moore, MIC 50  
Daniel Patterson, MIC 45